

ORIGINAL

NTT



Masanobu Suzuki
Executive Vice President

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

Tokyo Opera City Tower
20-2 Nishi-Shinjuku 3-chome, Shinjuku-ku, Tokyo 163-14 Japan
Telephone + 81 3 5353 5200
Facsimile + 81 3 5353 5500

DOCKET FILE COPY ORIGINAL

RECEIVED

July 9, 1997

JUL - 9 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Notice of Proposed Rulemaking for Rules and
Policies on Foreign Participation in the U.S.
Telecommunications Market, IB Docket No. 97-142

Dear Mr. Caton:

Nippon Telegraph and Telephone Corporation (NTT) hereby comments on the above-referenced *Notice of Proposed Rulemaking* (NPRM) considering changes in FCC policies and procedures in view of the World Trade Organization (WTO) Group on Basic Telecommunications (GBT) agreement, which comes into force on January 1, 1998. NTT is a corporation organized under the laws of Japan that provides telecommunications services in Japan.

NTT is fully supportive of, and committed to, the principles of market openness, competition, transparency and non-discrimination contained in the GBT agreement and the attached Reference Paper on Regulatory Principles. As a result, NTT strongly supports the goals of the NPRM: promoting effective competition, preventing anticompetitive conduct, and encouraging WTO Member governments to open their communications markets. (NPRM, ¶ 25.) NTT also endorses the Commission's objective of further deregulating the U.S. market, including its plan to eliminate the current "effective competitive opportunities" test.

No. of Copies rec'd
Listed as 2055

044

NTT understands the role of the public interest and agrees that concerns about national security or law enforcement might justify denial of market access if consistent with the narrow exceptions established in General Agreement on Trade in Services (GATS) article XIV *bis* and XIV(a), respectively. However, denial of market access should not be based on trade concerns or foreign policy, as this may not be consistent with the Most Favored Nation, National Treatment and transparency obligations of the GATS. In any event, to help ensure that delays in agency processing are not misconstrued as unintended denial of market access, the FCC should consider establishing reasonable time limits, consistent with the requirements of GATS article VI(3), for consideration of new applications.

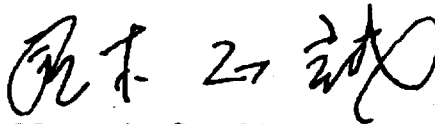
In addition, NTT suggests that the agency underscore its commitment to the GBT by conforming its policies to the scheme outlined in the Reference Paper. The Reference Paper is intended to prevent carriers from harming telecommunications competition in markets of WTO Member countries in several ways. First, the Reference Paper mandates that interconnection should be non-discriminatory, cost-oriented, and transparent. Second, the Reference Paper requires its adherents to maintain appropriate measures to prevent carriers from engaging in anticompetitive practices, such as anticompetitive cross-subsidization. Third, the Reference Paper obligates each nation to establish an independent regulator to, among other things, resolve interconnection disputes and ensure the transparency of the procedures and practices of carriers within its jurisdiction. The Commission may place greater reliance on the ability of the Reference Paper to preserve competition and protect consumers through the national legislation and policies of WTO Member nations. The United States can use the established dispute resolution process to ensure full compliance with member nation obligations.

In sum, the GBT agreement was designed so that individual national regulators may implement the policies in the Reference Paper in order to ensure that competition, and consumers, are protected. Compliance with the GBT obligations need not be unilateral but may be assured through the dispute resolution process of the WTO.

The GBT agreement was a giant step forward in opening global markets to telecommunications competition. The FCC's NPRM advances those goals, by further opening the U.S. market. Nevertheless, NTT recommends that the agency conform its policies to ensure that the global telecommunications competition promised by the GBT can fully develop.

NTT will continue to review the FCC's proposals in light of comments submitted by other parties and submit a reply if appropriate.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Masanobu Suzuki' with a stylized flourish at the end.

Masanobu Suzuki
Executive Vice President
Nippon Telegraph and Telephone Corporation
Global Business Headquarters
20-2 Nishi-Shinjuku 3-chome Shinjuku-ku
Tokyo 163-14 Japan
+81-3-5353-5031